



DWD Issuance 27-2008

Issued: June 23, 2009
Effective: June 23, 2009

Subject: Allowable Limits for Excess Cash – Recovery Act, Summer, 2009.

1. Purpose: To provide policy regarding the allowable limits of Excess Cash.
2. Background: 29 CFR 95.22(a) states that “Payment methods shall minimize the time elapsing between the transfer of funds from the United States Treasury and the issuance or redemption of checks, warrants, or payment by other means by the recipients. Payment methods of state agencies or instrumentalities shall be consistent with Treasury-State CMIA agreements or default procedures codified at 31 CFR 205.” The American Recovery and Reinvestment Act of 2009 (ARRA) provided for a major youth employment program, and requires relaxation of the normal excess cash limitations for the summer of 2009.
3. Substance: The contracting agency is responsible for its own cash balances and those of its subcontractors. Excess cash balances are not acceptable. “Federal cash balances in excess of three (3) days is an existing standard used by federal agencies in interpreting the Treasury Department’s requirements under 31 CFR 205 to advance only enough cash to meet actual, immediate cash needs.” The Division of Workforce Development (DWD) defines excess cash balance as any amount in excess of +/- five (5) times the average daily need. An exception is made for the months of June and July which will be allowed to have ten (10) times the average daily need due to the annual shut down of the state’s accounting system. An additional exception is made for the summer of 2009 to allow for additional cash needs to effectively and efficiently run the ARRA summer youth program for the months of June, July, August and September 2009. Excess cash will be determined if the balance exceeds (10) times the average daily need. Excess Cash is monitored periodically, but at no time is a time frame of less than one (1) month used for analysis. If any agency shows a recurring problem with Excess Cash, DWD may impose additional restrictions on cash flow.

4. Action: Effective June 23, 2009, this information should be used to develop and/or revise policies and procedures and be distributed to appropriate staff.
5. Contact: If you have any questions, contact Tracey Brown, Manager, Financial Management, at 573.526.8222 or tracey.brown@ded.mo.gov.
6. Reference: American Recovery and Reinvestment Act of 2009: www.recovery.gov/.
29 CFR 95.22(a): Code of Federal Regulations Pertaining to US Department of Labor: www.dol.gov/dol/allcfr/title_29/Part_95/29CFR95.22.htm.
31 CFR 205: **Federal Register** / Vol. 67, No. 91 / Friday, May 10, 2002 / Rules and Regulations.
7. Rescissions: None.
8. Attachments: None.



Julie Gibson
Director